

CENTRAL INTELLIGENCE AGENCY

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SUBJECT Control by Purchaser Over Quality and Delivery  
Dates of Products from Supplying Plants

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2. Usually the government forbids any director or chief engineer of an enterprise or organization to sell material or equipment to another enterprise, especially if they belong to different ministries. Such operations may be concluded only between members of the same ministry and then only by permission of the minister.
3. Materials and equipment may be sold by one organization to another of a different ministry only when the purchaser has a special government fund for the purchase of material and equipment and when the supplier has special plan for disposal of production.
4. There are two types of procedure through which the above is implemented:
  - (a) Centralized supply and procurement. Every minister has a chief directorate of material technical supply and there are offices of these chief directorates in the main industrial centers of the nation. The Ministry of the Merchant Fleet has, in the town of Sverdlovsk, an agency of this chief directorate which allots funds to enterprises in Sverdlovsk for the purchase of

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materials and equipment. In this case the ministry receives the funds from the government.

- (b) Decentralized supply and procurement. In this case the chief directorate of material technical supply of the ministry receives funds from the government for the purchase of material and equipment and divides some of these funds up among the enterprises and organizations for independent use by these enterprises. These enterprises then send representatives to the supplying plants in order to see that the orders are filled. In situations of sharp deficits in the USSR some materials and equipment are very hard to get. In this connection it must be noted that the head directorates try, as a rule, to see to it that the materials that are shortest in supply are put into the decentralized supply so that they will be distributed to peripheral organizations. In order to help their purchasing agents, many directors of enterprises send special people known as "tolkach" [expeditors]. Moreover, in many cases the directors themselves go to the supplying plant to try and expedite their orders. In purchasing through decentralized funds, these "tolkach" are very important. This job is very popular and almost every enterprise and especially every chief directorate and ministry has a tolkach appointed by the director. This is considered a very good job and usually carried with it the title of engineer.

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5. Here is another example. In 1949 the Sovmor Transport Machine Building Factory was working on a Diesel tug ordered by the Ministry for the Reydtanker company. The tug was to be completed in time for the jubilee of the factory and was to be called "Yubilyeyny". In order to supervise the finishing and assigning of the ship to Reydtanker, that company sent a supervising captain, a man who knew his business well but was a poor chiseler. It so happened that at this time there was a representative of the Volgotanker company at the Sovmor plant. Volgotanker was having a tug built too, of the same design as the "Yubilyeyny" but of poorer quality. Volgotanker's tug was scheduled for completion at a later date. The Volgotanker representative somehow managed things so that his company got the "Yubilyeyny" and the Reydtanker people had to wait for the later ship.

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6. After several months the Reydtanker people managed to outwit Volgotanker in the same way. When Volgotanker was expecting the launching of a new Diesel tug at the Sovmor works, Reydtanker sent a special assistant to the supervising captain already at Sovmor. This man knew little about ships but was a real dealer. He fixed it so that the ship was assigned to Reydtanker. Then the director of Volgotanker tried to interfere in the mess and in the midst of all the haggling the Reydtanker representative got all the papers signed and had the ship past Saratov at full speed before anyone could stop him. To this day Reydtanker owns the "Sovmorets" and Volgotanker owns the "Yubilyeyny".
7. Thus, the ordering organization has control over the quality and time of shipment of the materials or equipment ordered but this control is exercised with difficulty because of severe shortages of certain types of material and equipment in the USSR.

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